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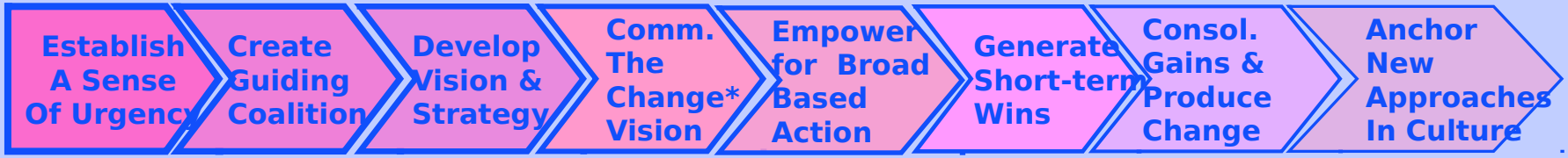
Leading Change*: How to Encourage Transformational Change


Establish A Sense Of Urgency
Create Guiding Coalition
Develop Vision & Strategy
Comm. The Change* Vision
Empower for Broad Based Action
Generate Short-term Wins
Consol. Gains & Produce Change
Anchor New Approaches In Culture

***Based on material from John P. Kotter**
Leading Change, Harvard Business School Press, 1996

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Typical Problems in Implementing Change…

- Failing to plan and track the change activities
- Allowing too much complacency
- Failing to create a sufficiently powerful guiding coalition
- Over-estimating how much they can force big changes in org
- Under-estimating the power of vision
- Under-communicating the change vision by a factor of 100 (or so)
- Permitting obstacles to block the new vision
- Under-estimating how hard it is to drive people out of comfort zones
- Failing to create short term wins
- Declaring victory too soon
- Neglecting to anchor changes firmly in the corporate culture

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…Leads To These Consequences

- New strategies / programs / initiatives are NOT implemented well or don't achieve expected ROI / payoff
- Implementation or re-engineering activities take too long and costs too much
- Quality processes don't deliver expected results
- Re-organizations don't have expected impacts / results
- Re-engineering programs fade away
- Senior Managers are blind to how their own actions inadvertently reinforce old behaviors

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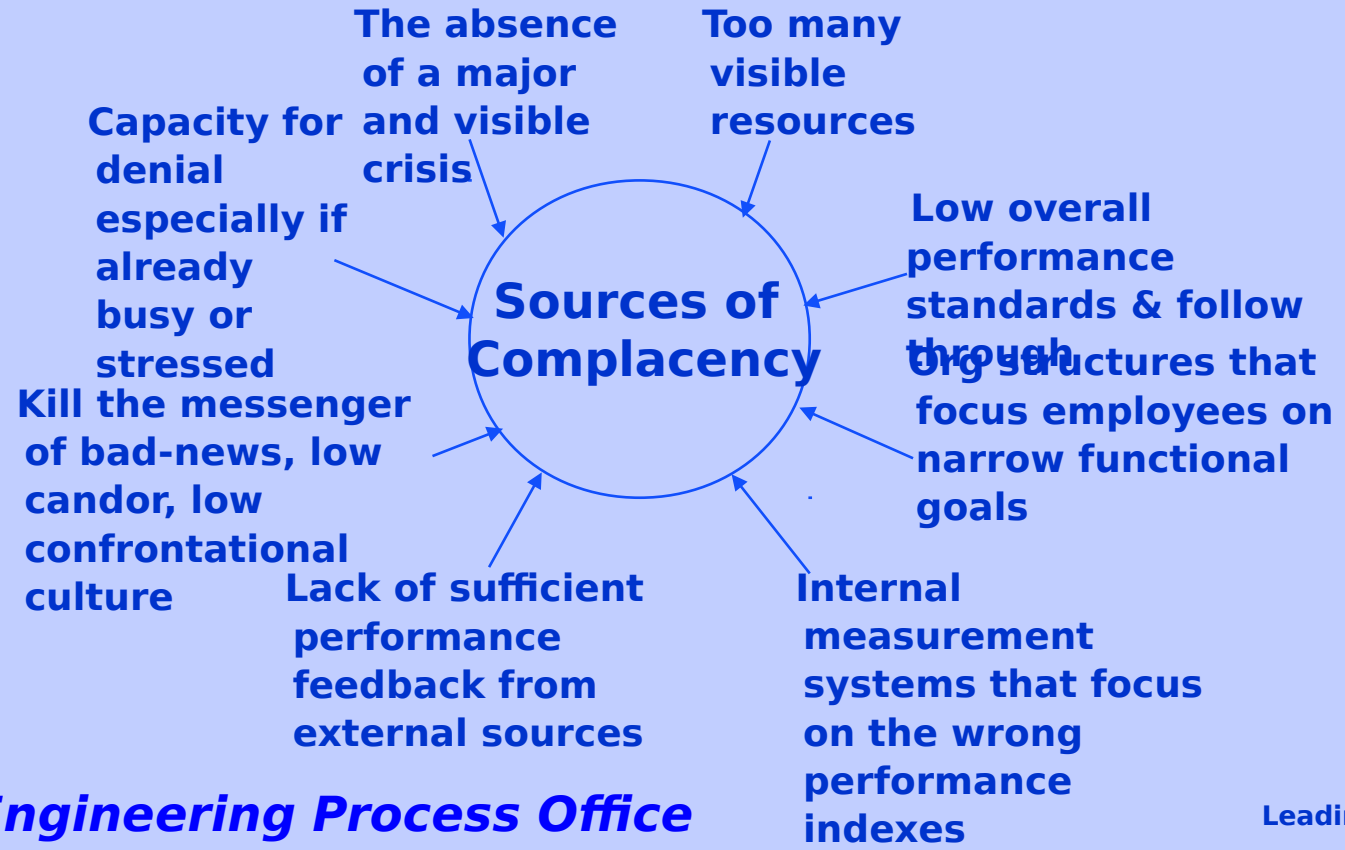
Step Wise Forces that Drive Change: 1 - Establish a Sense of Urgency

- Examine current internal conditions, as well as market and competitive realities
- Identify and discuss crises, potential crises, and major opportunities and threats (SWOT analysis)
- Disallow complacency in the change effort


Sources of Complacency
The absence of a major and visible crisis
Too many visible resources
Capacity for denial especially if already busy or stressed
Low overall performance standards & follow through
Org structures that focus employees on narrow functional goals
Kill the messenger of bad-news, low candor, low confrontational culture
Lack of sufficient performance feedback from external sources
Internal measurement systems that focus on the wrong performance indexes

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Step Wise Forces that Drive Change: 1 - Establish a Sense of Urgency (cont.)

- Push up the urgency level:
  - Keep crises real, and simple
    - Imagined crises are transparent and demotivate
  - *Set goals* (defect reduction, productivity, cycle time, customer satisfaction, etc.) *high enough so they can't be reached by complacency*
  - Send out data about customer satisfaction and performance
  - Put more honest discussion in the organization's problems
  - Listen to the push back
- Don't confuse urgency (immediate attention) with anxiety (free floating fear)
  - Fear causes more resistance to change

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Step Wise Forces that Drive Change: 2 - Create the Guiding Coalition

- Put together a group with enough power to lead the change
  - Position power: are enough key players on board, especially main line managers, so that those that are left out can't block progress
  - Expertise: are the various points of view (domains, disciplines, experience, etc.) relevant to task at hand, adequately represented so that informed intelligent decisions will be made
  - Credibility: does the group have enough people with good reputations so that pronouncements will be taken seriously
  - Leadership: does the group include enough proven leaders to be able to drive the change process
- Get the group to work together as a team with both management and leadership skills
  - Management skills – keep process under control
  - Leadership skills – drive the vision and change effort

A guiding coalition of only managers will cause change efforts to fail

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Step Wise Forces that Drive Change: 3 - Develop a Transformational Vision and Strategy

- Create a vision to help direct the change effort
- Develop a strategy for achieving the vision
  - See SPAWAR Enterprise Strategic Plan 2005 - 2010
- ***Develop a plan to implement the strategy***

Characteristics of an effective vision:

- Imaginable - conveys a picture of what the future will hold
- Desirable - appeals to the long term interests of the customers, employees, and others who have a stake in the Center
- Feasible - comprises realistic and attainable goals
- Focused - clear enough to provide guidance in decision making
- Flexible - is general enough to allow individual initiative and alternative responses in light of changing conditions
- Communicate – is easy to communicate; can be successfully explained within 5 minutes

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Why Vision Is Essential

- Clarifies general direction of change
  - This is how the world is changing
  - Compelling reasons why we need to reset goals
- Motivates people to take action in the right direction
  - Stops endless debate and simplifies decision making
- Helps coordinate the actions of different people quickly and efficiently
  - How will it affect our customers, employees, etc?
  - How do we create a top-line work force that will make us the higher quality and lower cost solution provider?

Constancy of purpose:
Will our actions be in alignment with our vision?

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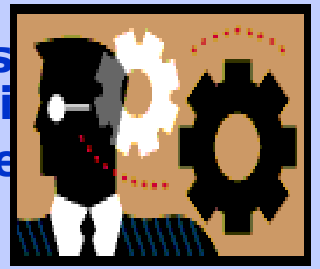
Step Wise Forces that Drive Change: 4 – Communicating the Change Vision

- Use every vehicle possible to constantly communicate the new vision and strategies
- *Have the guiding coalition role model the behavior expected of staff*
- Contact and awareness training

Key Elements to Effectively Communicate the Vision

- Simplicity - all jargon and technobabble must be eliminated
- Metaphor, analogy and example - a verbal picture is worth a thousand words
- Multiple forums - big / small meetings, memos, articles, formal / informal interaction; every chance possible
- Repetition – ideas sink in deeply after they've been heard many times
- Leadership by example – behavior inconsistent with vision from important people (including key opinion leaders), overwhelms other forms of communication
- Explanation of perceived inconsistencies – unaddress inconsistencies undermine credibility of communicati
- Give and take – two way communication is most powe
- REPEAT, REPEAT, REPEAT



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Step Wise Forces that Drive Change: 5 – Empowering Broad Based Action

- Identify and get rid of obstacles
- Modify systems or structures that undermine change
- Encourage risk taking, non-traditional ideas, activities, and actions

Internal transformational change barriers and actions:

- Structures – overcome strong organizational structural stove-pipes which undermine efforts and teamwork
- Skills – provide needed training to adjust behavior, attitudes, and skills to encourage the change
- Systems – *align performance appraisals, promotions, compensation and best practices with the new vision*
- Supervisors – use the consultative leadership philosophy, and embrace quantitative analysis, teaming, empowerment, and positive change behaviors

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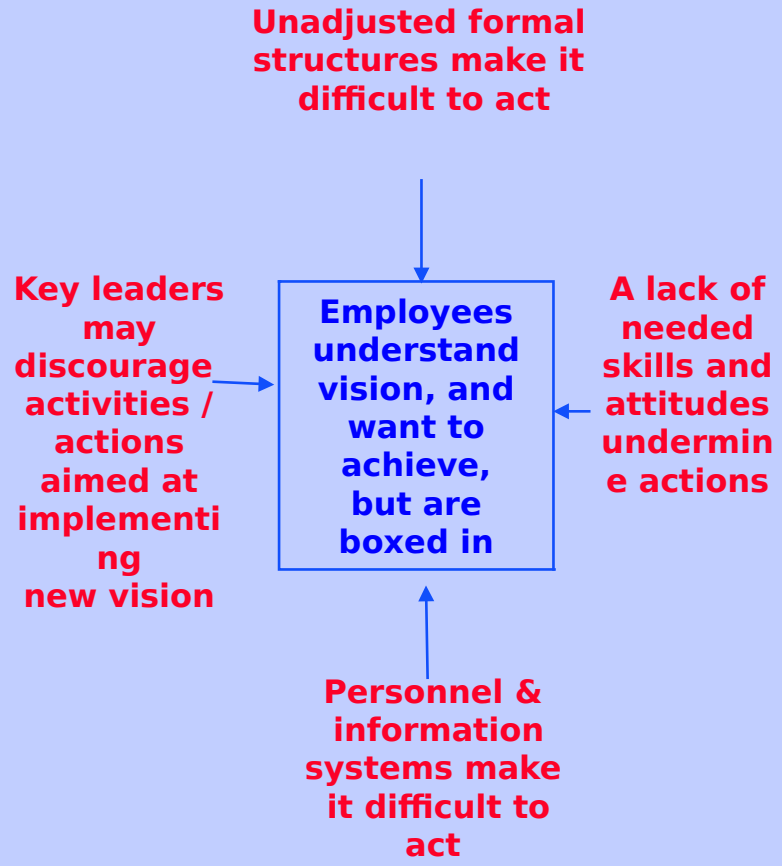
Step Wise Forces that Drive Change: 5 – Empowering Broad Based Action (cont.)

- **Discouraged and disempowered employees rarely make change happen. Empower people to effect change:**
  - **Communicate a sensible vision – ensure a shared sense of purpose**
  - **Provide authority – directly from Guiding Coalition**
  - **Make structures compatible with vision – unaligned structures block needed attention**
  - **Provide the training employees need – provide the right skills and knowledge to encourage the right attitude**
  - **Confront key opinion leaders who undercut or aggressively resist change**


Unadjusted formal structures make it difficult to act
Key leaders may discourage activities / actions aimed at implementing new vision
Employees understand vision, and want to achieve, but are boxed in
A lack of needed skills and attitudes undermine actions
Personnel & information systems make it difficult to act

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Stepwise Forces that Drive Change: 6 – Generate Short Term Wins

- ***Plan*** **for quick visible improvements in performance (wins)**
- **Create those wins**
- **Visibly recognize and reward people who have made wins possible**
- **Keep management on board with evidence of progress**
- ***Win support from cynics and self-serving resistors***

Characteristics of the short term win:

- **It is visible – large numbers of people can see for themselves**
- **It is unambiguous - no argument about results**
- **It is clearly related to change effort**

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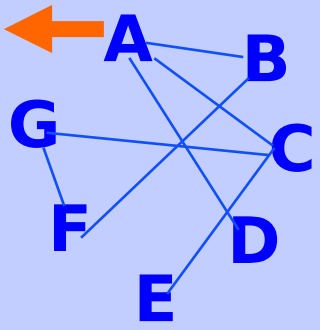
Stepwise Forces that Drive Change: 7 – Consolidate Gains & Produce More Change

- Develop a strategy for achieving the vision
- Use credibility to change all systems, structures, and policies that don't fit together or fit the transformation vision
- Build momentum slowly
- Reinforce vision behavior, but ***don't extinguish burning platform (or momentum) with over-celebration***
- Irrational and political resistance is always waiting to reassert itself *(Years of work can be undone at remarkable speed.)*
- Interdependencies can seriously complicate change effort
  - ***Other elements / forces may be holding behavior in place and need to be addressed first***

Moving A may require movement of B & C first.



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Stepwise Forces that Drive Change: 8 – Anchor New Approaches in The Culture

- Cultural change occurs here, not in step 1
  - Current culture not easily manipulated - only after successful alterations of behaviors and actions over a period of time
  - Articulate the connections between new behaviors and organizational success
- Create better performance through customer and productivity oriented behavior: more and better leadership, and effective management
- Develop plans to ensure leadership development and succession

Anchoring change issues:

- ***Celebrating success early may erroneously signal behavioral changes – when in fact they have not yet occurred***
- New approaches shape, and are integrated into the culture only after they are recognized as being superior to old methods
- Requires a lot of verbal support and instruction
- ***People are reluctant to admit validity of new practices***
- Sometimes the only way to change the organization is to change key people

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Key SSC San Diego Challenges and Lessons From the Past

- Failing to plan and monitor activities, resources, milestones, and dependencies
- Failing to continually manage expectations, perceptions, and risks
- Incorrect focus of involvement vs commitment
  - To affect or include more on the periphery

  versus
  - To pledge or promise ownership of activities and results
- Training as the main indicator to showing implementation progress

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In Summary

- Change is difficult to bring about
  - It has an eight stage life cycle, rather than two or three
  - Declaring victory early or omitting stages have significant negative effects downstream and to overall effort
- Major change is rarely successful in a complacent environment - keep urgency high and real
- Change requires a plan, with both leadership and management skills
- Broad based empowerment captures hearts and minds, and allows for risk taking and delegation
  - Flat organizations and low bureaucracy work best
  - Trust and common goals transcend short term parochial interests
- Generate short term gains to establish momentum
  - Resistance is always waiting to reassert itself

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Lean Six Sigma Process Improvement Risk Charts

(Also applicable to PMG, CMM/CMMI, etc, efforts)

Risk	Potential for Occurrence / Severity	Mitigation	Help Needed
LSS risk factors wrt initiation, project activities, and learning, not fully understood	High/ High	Begin to document and maintain risks in LSS Plan	Sr Mgt communication of vision, goals, and objectives integrated with other current improvement initiatives
Demands for process change may out-scope resources	High / High	• Ensure Center sponsors Working Groups • Limit concurrent improvement initiatives to a few key ones	Encourage participation and provide bandwidth
LSS efforts may be viewed as goal rather than means to achieve quality and improvement objectives along with PMG and CMMI	High / Medium	• Focus charter on business needs, goals and objectives • Communicate needs, goals and objectives	Sr Mgt needs to set performance objectives for all managers
LSS efforts may hamper other PI efforts and	High / Medium	• Ensure Exec. Dir and Dept Heads continue to visibly	Use SPAWAR Enterprise

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Lean Six Sigma Process Improvement Risk Charts

(Also applicable to PMG, CMM/CMMI, etc, efforts) - 2

Risk	Potential for Occurrence / Severity	Mitigation	Help Needed
Lack of clear assignment of responsibilities and roles	High / Medium	Ensure each LSS Team has templates, plans & schedule and borrow heavily from existing material on SEPO PAL	Sr Mgt needs to set performance objectives for all managers
LSS members have many project commitments, so progress may be slower than expected	High / Medium	• Ensure that members know time commitments • Verify resources X to Y% • Establish signed time commitments with managers for each person on a working group	• Bring in others as needed • Enforce performance objectives
Process stakeholders are not involved in process definition / solution	High / Medium	Verify that each WG contains key members who are vocal / SMEs	Department Head leadership and commitment
Infrastructure, templates / work products are not available to LSS working	Medium / Medium	Use JIT approach and engage various WG to assist in develop	

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Lean Six Sigma Process Improvement Risk Charts

(Also applicable to PMG, CMM/CMMI, etc, efforts) - 3

Risk	Potential for Occurrence / Severity	Mitigation	Help Needed
Year end fiscal activities may interfere with development / deployment activities	Medium / Medium	Ensure the new processes are ones which are essential for the Center	
Level of experience in organization with defined processes	High / Low	• Process training, use of pilot, process verifier and lessons learned • Need contact & awareness course needed to set expectations & communicate goals and objectives to all	Department Head leadership and commitment